

REPORT**CLERKS' SUPPLEMENTAL
COMPENSATION FUND
Baton Rouge, Louisiana****JUNE 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/10/07

CLERKS' SUPPLEMENTAL
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Baton Rouge, Louisiana

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INDEPENDENT AUDITOR'S REPORT

August 8, 2007

To the Clerks' Supplemental
Compensation Fund Board
Baton Rouge, Louisiana

We have audited the accompanying financial statements of the Clerks' Supplemental Compensation Fund, Baton Rouge, Louisiana, as of and for the year ended June 30, 2007, as listed in the index to report. These financial statements are the responsibility of the Clerks' Supplemental Compensation Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Clerks' Supplemental Compensation Fund, as of June 30, 2006 and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 5 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 8, 2007 on our consideration of Clerks' Supplemental Compensation Fund's internal control over financial reporting and on our test of its compliance with laws, regulations, contracts and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Duplantier, Hrapmann, Hogan & Maher, LLP

CLERKS' SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

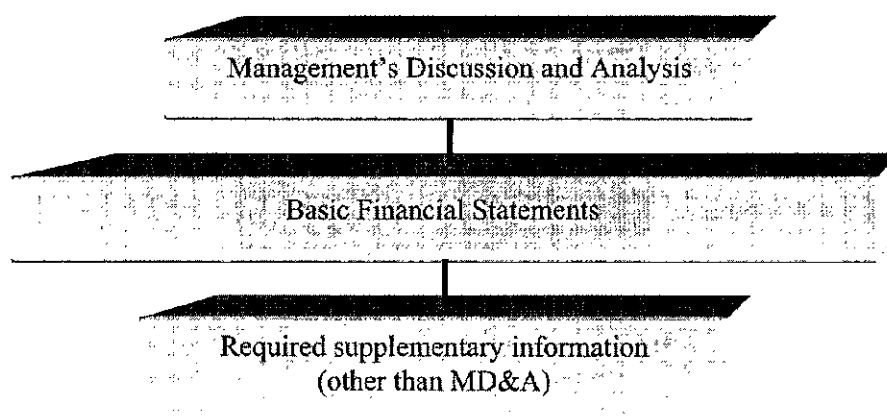
The Management's Discussion and Analysis of the Clerks' Supplemental Compensation Fund's financial performance presents a narrative overview and analysis of Clerks' Supplemental Compensation Fund's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes and currently known facts in comparison with the prior period's information. Please read this document in conjunction with the additional information contained in the Clerks' Supplemental Compensation Fund's financial statements which begin on page 6.

FINANCIAL HIGHLIGHTS

- The Clerks' Supplemental Compensation Fund's net assets increased by \$60,903.
- Fee receipts increased from \$1,102,962 to \$1,195,856 due to an increase in suit fees and an increase in amount capped per clerk during the year ended June 30, 2007.
- Supplemental payments increased from \$1,077,691 to \$1,134,953 due to an increase in the monthly supplemental payment paid to each clerk during the year ended June 30, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

Basic Financial Statements

The basic financial statements present information for the Clerks' Supplemental Compensation Fund as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the government-wide financial statements and fund financial statements.

Financial Statements: The *financial statements* are designed to provide readers with a broad overview of the Clerks' Supplemental Compensation Fund's finances, in a manner similar to private-sector business. The financial statements include:

Statement of Net Assets – this statement presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Clerks' Supplemental Compensation Fund is improving or deteriorating.

Statement of Activities – this statement presents information showing how Clerks' Supplemental Compensation Fund's assets changed as a result of current period operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

FINANCIAL ANALYSIS OF THE ENTITY

Statements of Net Assets
For the Years Ending

	June 30,	
	2007	2006
Current assets:		
Cash	\$ 93,300	\$ 30,939
Accounts receivable	99,906	96,489
Total current assets	<u>193,206</u>	<u>127,428</u>
Total assets	<u>\$ 193,206</u>	<u>\$ 127,428</u>
Liabilities:		
Supplemental payable	\$ 94,250	\$ 89,375
Total liabilities	<u>94,250</u>	<u>89,375</u>
Net assets:		
Restricted	98,956	38,053
Total net assets	<u>98,956</u>	<u>38,053</u>
Total liabilities and net assets	<u>\$ 193,206</u>	<u>\$ 127,428</u>

**CLERKS' SUPPLEMENTAL COMPENSATION FUND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007**

**Statements of Activities
For the Years Ending**

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
Program revenues	\$ 1,191,918	\$ 1,100,577
General revenues	<u>3,938</u>	<u>2,385</u>
Total revenues	<u>1,195,856</u>	<u>1,102,962</u>
Program expenses	<u>1,134,953</u>	<u>1,077,691</u>
Net increase (decrease) in net assets	<u>\$ 60,903</u>	<u>\$ 25,271</u>

CONTACTING THE CLERKS' SUPPLEMENTAL COMPENSATION FUND'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Clerks' Supplemental Compensation Fund's finances and to show the Clerks' Supplemental Compensation Fund's accountability for the money it receives. If you have questions about this report or need additional information, contact Debbie Hudnall at (225) 293-1162.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS:

Cash (Note 2)	\$ 93,300
Accounts receivable	<u>99,906</u>

TOTAL ASSETS	\$ <u>193,206</u>
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LIABILITIES:

Liabilities:	
Supplemental payable	\$ <u>94,250</u>
Total liabilities	<u>94,250</u>

NET ASSETS

Restricted	<u>98,956</u>
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TOTAL LIABILITIES AND NET ASSETS	\$ <u>193,206</u>
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See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Revenues	
Fee receipts	\$ 1,191,918
Interest earned on investments	<u>3,938</u>
Total revenues	<u>1,195,856</u>
Expenses	
Supplemental payments	1,131,000
Other expenses	<u>3,953</u>
Total expenses	<u>1,134,953</u>
EXCESS REVENUES OVER EXPENDITURES	60,903
NET ASSETS:	
Beginning of year	<u>38,053</u>
End of year	\$ <u><u>98,956</u></u>

See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES:

Fee receipts	\$ 1,188,501
Payments to Clerks	(1,126,125)
Other receipts (payments)	<u>(15)</u>

Net cash provided by (used in) operating activities	<u>62,361</u>
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CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

	<u>-</u>
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CASH FLOWS FROM INVESTING ACTIVITIES:

	<u>-</u>
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Net increase (decrease) in cash and cash equivalents	62,361
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Cash and cash equivalents, July 1, 2006	<u>30,939</u>
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Cash and cash equivalents, June 30, 2007	<u>\$ 93,300</u>
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Reconciliation of operating income to net cash used by operating activities:

Operating income (loss)	\$ <u>60,903</u>
Adjustments to reconcile operating income to net cash provided (used in) operating activities:	
(Increase) decrease in accounts receivable	(3,417)
Increase (decrease) in accounts payable	<u>4,875</u>
Total adjustments	<u>1,458</u>

NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 62,361</u>
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See accompanying notes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

On July 8, 1987, Louisiana Revised Statute 13:761 created the Clerks' Supplemental Compensation Fund to supplement the salaries of the clerks of court of the district courts and is in addition to any compensation otherwise authorized by law. The Clerks' Supplemental Compensation Fund Board was created and is composed of five members appointed by the board of directors of the Louisiana Clerks of Court Association. The uncompensated members of the board shall serve two-year terms unless otherwise specified and they may not serve more than two successive terms. The Chairman of the Board shall be responsible for the distribution of the proceeds of the fund and he shall keep detailed and accurate records.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of certain significant accounting policies.

Financial Reporting Entity:

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are no component units which are required to be included in the Clerks' Supplemental Compensation Fund's financial statements.

The accompanying financial statements of Clerks' Supplemental Compensation Fund present information only as to the transactions of the programs of the Clerks' Supplemental Compensation Fund as authorized by Louisiana statutes and administrative regulations.

Basis of Presentation:

The accompanying financial statements of the Clerks' Supplemental Compensation Fund have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, these financial statements include the provisions of GASB Statement Number 34, *Basic Financial Statements – Management's Discussion and Analysis – for State and Local Governments* and related standards. This standard provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Assets, inclusion of a management discussion and analysis as supplementary information and other changes.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation: (Continued)

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting", the Clerks' Supplemental Compensation Fund applies all applicable GASB pronouncements as well as all Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. As allowed by GASB Statement No. 20, the Clerks' Supplemental Compensation Fund has elected not to apply pronouncements other than those issued by GASB after November 30, 1989.

Measurement Focus and Basis of Accounting:

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The following practices are utilized in recording revenues and expenditures:

- Supplemental receipts are recorded in the month the civil suit is filed.
- Interest income on investments is recorded as earned.
- Expenditures are recognized under the accrual basis of accounting when the related fund liability is incurred.

Cash and Cash Equivalents:

For purposes of the Statement of Cash Flows, cash includes amounts in interest bearing demand deposits.

Net Assets:

Restricted:

Restrictions represent those portions of net assets for future expenditures which are legally and/or board segregated for a specific use.

2. CASH:

At June 30, 2007, the carrying amount of cash was \$93,300 and the bank balance was \$99,100. The entire bank balance of \$99,100 was covered by Federal Depository Insurance.

CLERKS' SUPPLEMENTAL COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

2. CASH: (Continued)

Custodial Credit Risk –Deposits. Custodial credit risk is the risk that in the event of bank failure the Clerks' Supplemental Compensation Fund's deposits may not be returned to it. The Clerks' Supplemental Compensation Fund does not have a deposit policy for custodial risk. As of June 30, 2007, Clerks' Supplemental Compensation Fund was not exposed to custodial credit risk since all funds were covered by FDIC insurance.

3. COMPENSATION TO BOARD MEMBERS:

The board members do not receive any additional compensation for being on the board.

4. USE OF ESTIMATES:

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

5. RELATED PARTY:

The Louisiana Clerks of Court Association operates on a nonprofit basis for the purpose of providing the opportunity for clerks of court to exchange ideas on the operation of their offices, to evaluate the standards and offer ways and means to serve the public better, to encourage the passage of uniform laws pertaining to the administration of the duties of clerks of court in the State of Louisiana to exemplify the ideals of public service as an influence in business and civic life, to cultivate friendship among its members over the State of Louisiana, and to participate in the formulation of and to advance the official policies of the Association over the State of Louisiana.

The Association has a controlling interest in the Supplemental Compensation Fund through appointment of the Supplemental Compensation Fund's board of directors. There were no material financial transactions with the Fund.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON A
FINANCIAL STATEMENT AUDIT PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

August 8, 2007

Board of Directors of the
Clerks' Supplemental Compensation Fund
Baton Rouge, Louisiana

We have audited the financial statements of the Clerks' Supplemental Compensation Fund, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Clerks Supplemental Compensation Fund's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Fund's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Fund's financial statements that is more than inconsequential will not be prevented or detected by the Fund's internal control.

A material weakness is a significant deficiency or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Fund's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Clerks' Supplemental Compensation Fund's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the Board of Directors and management of Clerks' Supplemental Compensation Fund and the office of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Duplantier, Hrapmann, Hegan & Maher, LLP